

June 30, 2000

**MEMORANDUM**

TO: Frank J. Young, Director, USAID/Ghana

FROM: Henry Barrett, RIG/Dakar

SUBJECT: Audit of USAID/Ghana's Performance Monitoring for  
Indicators Appearing in the FY 2001 Results Review  
and Resource Request, Audit Report No. 7-641-00-007-  
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This memorandum is our final report on the subject audit. We have considered your comments to the draft report and have included them as Appendix II. The report contains five recommendations. We are unable to consider that a management decision has been reached with respect to recommendation No. 3. Please respond to the report within 30 days indicating any actions planned or taken to make a management decision to address recommendation No. 3. Based upon your comments on the draft report, USAID/Ghana has made a management decision to address recommendation Nos. 1, 2, 4 and 5. In accordance with USAID guidance, M/MPI/MIC will be responsible for determining when final action has occurred for these recommendations.

I appreciate the cooperation and courtesies extended to my staff by USAID/Ghana staff during the audit.

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**Background**

The Government Performance and Results Act of 1993 (Results Act) was passed to improve federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction. The Results Act should also improve federal managers' service delivery by requiring that they plan for meeting program

objectives and by providing them with information about program results and service quality. Congressional decision making should also be improved by receipt of more objective information on the status of efforts to achieve statutory objectives and on the relative effectiveness and efficiency of federal programs and spending.

In 1995, the U.S. Agency for International Development (USAID) developed a new reporting system that included the Results Review and Resource Request (R4) report. This is the most significant performance report that the operating units send to their respective bureaus. USAID's Automated Directive System (ADS) requires that the information in the R4s shall be used, as appropriate, for internal analyses, responding to external inquiries, and USAID-wide results reporting.

A key component of the R4 reporting system is the performance monitoring system. USAID's performance monitoring system is an organized process for systematically monitoring the progress of a program, process, or activity towards its objectives over time. USAID's performance monitoring systems consist of: (1) establishing performance indicators, (2) preparing performance monitoring plans, (3) setting performance baselines, (4) collecting performance data, and (5) assessing data quality.

As of September 1998, USAID/Ghana reported unliquidated obligations of \$50.4 million for its four strategic objective areas: economic growth, education, improved family health, and public policy decisions. The current audit examines performance data reported in USAID/Ghana's FY 2001 R4 for the first three of these four strategic objectives.

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## **Audit Objectives**

This audit is the first of a worldwide series of audits that were requested by USAID's Office of Policy and Program Coordination (PPC) and are being carried out by USAID's Office of Inspector General (OIG). The audit objective and the scope and methodology for this series of audits were developed in coordination with PPC. The present audit was performed by OIG's regional office in Dakar, Senegal, and answered the following audit objective:

**Did USAID/Ghana monitor performance in accordance with Automated Directive System E203.5.5 and other relevant**

**guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for FY 2001?**

Appendix I contains a discussion of the scope and methodology for the audit.

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**Audit Findings**

**Did USAID/Ghana monitor performance in accordance with Automated Directive System E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for FY 2001?**

USAID/Ghana generally monitored performance in accordance with Automated Directive System (ADS) E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request (R4) report for FY 2001. However, we determined that there were certain exceptions in the three strategic objectives that we examined. These exceptions concerned (1) the incompleteness of performance monitoring plans, (2) the lack of data quality assessments, and (3) in a few cases, certain shortcomings in R4 reporting.

Nevertheless, in monitoring the performance of its programs, processes, and activities towards respective objectives, USAID/Ghana had generally established the basic controls of a performance monitoring system as required by USAID guidance. In all cases, for the 10 indicators (under three strategic indicators) which we examined, we found that the Mission had initially established baselines to identify the point used for comparison when measuring progress toward a specific objectives. Also, the Mission had prepared performance monitoring plans for each of the three strategic objectives that we reviewed. In addition, USAID/Ghana had devoted considerable staff effort to performance monitoring, having established monitoring and evaluation positions in three of its four strategic objective teams. And finally, the Mission issued its R4 report, which generally reported data in accordance with USAID guidance.

However, we found certain areas in which the performance monitoring system could be improved. Performance monitoring plans were in some cases not as complete as specified by ADS guidance, data quality assessments were not always done, and R4 reporting standards in a few cases were not met. These areas for improvement are discussed below and are summarized in Appendix III.

## **Performance Monitoring Plans Were Not Always Complete**

For the performance monitoring plans prepared for each of the three strategic objectives, we found that the plans were not as complete as required by USAID guidance for six of the ten indicators examined. Specifically, the plans did not always meet USAID standards that require: (1) precise indicator definition, (2) data source identification, (3) description of the data collection method, and (4) specification of data collection frequency and schedule. The principal cause for these shortcomings was a lack of Mission-specific procedures for ensuring that performance monitoring plans were prepared and maintained in accordance with USAID guidance. Without complete plans, the Mission did not have assurance that it was maintaining the controls that are essential to the operation of a credible and useful performance-based management system.

**Recommendation No 1:** We recommend that USAID/Ghana update its current performance monitoring plans to precisely define indicators, identify all data sources, describe data collection methods, and specify data collection frequency and schedules.

**Recommendation No 2:** We recommend that USAID/Ghana establish procedures to ensure that performance monitoring plans are prepared and maintained in accordance with USAID guidance.

ADS 203, states that performance monitoring plans shall be prepared for each operating unit's strategic plan. Information included in a performance monitoring plan shall enable comparable performance data to be collected over time, even in the event of staff turnover, and shall clearly articulate expectations in terms of schedule and responsibility. Specifically, performance monitoring plans shall provide a detailed definition of the performance indicators that will be tracked; specify the source, method of collection and schedule of collection for all required data; and assign responsibility for collection to a specific office, team or individual. In summary, performance monitoring plans function as a critical tool for managing and documenting the data collection process—and for ensuring that comparable data are collected from one reporting period to the next.

USAID/Ghana had a separate performance monitoring plan for each of its four strategic objective areas. For the three performance monitoring plans we examined (one for each of the three strategic objectives covered by this audit), we found that the plans were not as complete as required by USAID guidance for six of the ten indicators examined (See Appendix III). Specifically, the plans did not always meet standards in the areas of (1) indicator definition, (2) data source identification, (3) data collection method, and (4) data collection frequency and schedule.

Under the standard for "indicator definition," we found four indicators out of ten that did not meet the criterion. For example, Strategic Objective No. 1 indicator "Value of selected nontraditional exports" consisted of measuring the changes in value of nontraditional export commodities, such as pineapples and avocados. However, the plan did not list what specific commodities should be included. The plan should have identified which commodities were to be included in the computation of the indicator to ensure that data are comparable from year to year and the baseline does not change.

For the "data source identification" standard, we determined that there were two indicators out of ten for which the data source was not adequately identified. For example, the Strategic Objective No. 1 indicator, "Number of financial institutions providing credit to USAID/Ghana assisted micro-enterprises. . .," had a source description that was vague as to both entity and source document. Specifically, the plan simply referred to such things as contractor reports, financial institution records, and micro-enterprise records. It did not specifically identify each entity and the type of documents that needed to be consulted, an omission which could lead to a lack of comparability in the data from year to year.

Under the "data collection method" standard, there were two indicators out of ten that did not conform to the standard. For example, with Strategic Objective No. 2 indicator "Percentage of communities active in school decision-making in partnership schools," the plan did not provide sufficient detail on the data collection method so that it could be consistently applied in subsequent years. In other words, no details were given on who collects the data, how many people are to be interviewed, how many subgroups there are of interviewees, who these subgroups are made up of, or details about how interviewers are to be trained and debriefed. This lack of detail could lead to different methodologies being

employed from year to year, which could negatively affect comparability.

There were two indicators out of ten for which performance monitoring plans specified only minimal information on data collection frequency and schedules. For example, for the Strategic Objective No. 2 indicator "Percentage of teachers using pupil-focused instructional practices. . .," the plan did not include a description of the schedule to collect data or indicate the frequency of collection. While such schedules were described in other project documents, the lack of such information in the performance monitoring plan made it difficult for managers to know what schedules were in effect at a given time or what changes may have taken place in such scheduling as the project progressed. Frequency of data collection can have a very real effect on results, and such information should be included in performance monitoring plans.

The principal cause for performance monitoring plans not being complete in the above-mentioned four areas was a lack of mission-specific procedures for ensuring that performance monitoring plans were prepared and maintained in accordance with USAID guidance. USAID/Ghana had no separate guidance describing how ADS procedures should be implemented. We noted that in one case, where a consultant was hired to prepare the plan for one of the strategic objectives, the consultant's contract did not specify what guidance he needed to follow. Also, we observed that even when performance monitoring plans were developed, they were not always updated in order to reflect changes in data collection methodology or changes in the definition of the indicator itself. The ADS provides that performance monitoring plans be completed for each operating unit's strategic plan, and that they be periodically updated to reflect changes that may take place as a program evolves.

More detailed and complete performance monitoring plans would improve the planning, management, and documentation of data collection and make the performance monitoring plans more useful as management tools for USAID/Ghana. For example, in the schools using Community School Improvement Programs, the indicator was not precise enough so as to ensure that the meaning of the indicator would be clear. In 1998 participating schools simply needed to have an Improvement Program to be counted; however, in 1999, the schools needed to have, not only a Program, but also two out of four of the Program components in some state of implementation in order to

be counted. Therefore, the data were not strictly comparable from one year to the next. We are not stating that indicators should not be changed when conditions warrant it. However, if changes are made to an indicator that affect comparability, then the baseline will need to be reestablished to ensure comparability of data from year to year.

The performance monitoring plan contributes to the effectiveness of the performance monitoring system by ensuring that comparable data will be collected on a regular and timely basis. It also provides the Mission adequate assurance that it was maintaining the controls that are essential to the operation of a credible and useful performance-based management system. Without such plans, results reporting may be disrupted or compromised by staff turnover, data may not be comparable from one period to the next, and the mission does not have a detailed roadmap to manage its performance monitoring process. Performance monitoring plans bring together the details of the performance monitoring process that would otherwise only be found in a myriad of contractor, grantee, host government and mission documents.

#### **Data Quality Assessments Were Not Done for all Indicators**

For seven out of the ten indicators examined, we determined that data quality assessments were not done in accordance with USAID guidance that requires data assessments when indicators are initially established and at least every three years thereafter. This occurred primarily because neither Mission personnel nor monitoring and evaluation contractors were aware of the data quality assessment requirements—nor was USAID guidance sufficiently precise as to exactly how assessments were to be done. Without required data quality assessments, USAID/Ghana did not have an adequate level of assurance that data quality met validity, timeliness, and reliability standards for results-oriented management, the lack of which could have an adverse effect upon decision making.

**Recommendation No. 3:** We recommend that USAID/Ghana complete and/or document data quality assessments on those indicators that were reported as not having had a required assessment.

**Recommendation No. 4:** We recommend that USAID/Ghana establish procedures to ensure that data quality assessments are completed and documented at required

**intervals for indicators in its Results Review and Resource Requests in accordance with USAID and federal guidance.**

Results-oriented management decisions require valid, current, and reliable information, and the benefits of this approach depend substantially on the quality of the performance information. Data quality assessments provide management with reasonable assurance that data quality is sufficient for sound management decisions. ADS 203 states that operating units shall, at regular intervals, critically assess the data they are using to monitor performance to insure they are of reasonable quality and accurately reflect the process or phenomenon they are being used to measure. Data quality will be assessed as part of the process of establishing performance indicators and choosing data collection sources and methods. The guidance goes on to say that reassessments will be done as necessary, but at intervals of no greater than three years; and that whenever possible, reasonable standards of statistical reliability and validity should be applied.

The guidance does not specify what these "reasonable standards" are, but in the context of this audit, we considered that, at the very minimum, data quality assessments needed to be documented. In other words, we did not consider it sufficient to say that a data quality assessment was done without any documentation to that effect. GAO's "Standards for Internal Controls in the Federal Government" provides internal control standards for federal agencies covering both program and financial management areas. The standards include a requirement that internal control systems and all transactions and other significant events be clearly documented and that documentation be readily available for examination. Likewise, if a data quality assessment were not performed, we would also expect to find documentation of the reasons for not doing so (e.g., an exceptionally strong control environment, and indicator that was simple and not susceptible to assessment, etc.)

Furthermore, in this audit we applied different tests for the adequacy of a data quality assessment based on the types of data sources—secondary, partner, and primary. We defined secondary sources as entities outside of Mission management control, such as government ministries, the United Nations, or other international organizations. Partner sources were defined as USAID contractors and grant recipients. Primary sources were considered to be the Mission itself and any



independent entities that the Mission engaged to collect data. In general, when the Mission used secondary or partner data, we assumed that, in doing a data quality assessment, the Mission would have to place greater reliance on the control procedures of the entity that collected the data—and that it would be sufficient for the Mission to assess those controls. In addition, in the case of partner data, we also assumed that a data quality assessment might simply take the form of the Mission undertaking periodic sampling and review of such data to ensure completeness, accuracy and consistency. (This approach to reviewing the adequacy of data quality assessments was developed in cooperation with USAID's Office of Policy and Program Coordination.)

In general, we concluded that data quality assessments were not being done. For seven out of the ten indicators examined, we determined that data quality assessments were not done—or, if done, were not documented. Several examples follow.

- The Strategic Objective No. 1 indicator "Number of financial institutions providing credit to USAID/Ghana assisted micro-enterprises. . ." was established in 1998, but no data quality assessments were done at that time or later. In fact, our review found that data reported in the FY 2001 R4 for this indicator was not correct—a situation that likely would have been discovered had an assessment been done as required (see next section for discussion).
- Under Strategic Objective No. 2, data for the indicator "Number of schools and communities within partnership districts utilizing Community School Improvement Plans" was collected by the technical assistance contractor. We found no evidence that data quality assessments were done, or if done, were not documented. (Strategic objective team members did indicate that data quality was considered when indicators were established and that appropriate controls were designed.)
- In Strategic Objective No. 3, we found that, for indicators with multiple sources of data, assessments were done for some of the sources but not for others. For example, the indicator "Condom sales" relied on data from the Ministry of Health (MOH), the Ghana Social Marketing Foundation (GSMF), and Planned Parenthood Association of Ghana (PPAG). Although there was no assessment for data from GSMF, there was an assessment for data from the MOH done at selected distribution points. An assessment for PPAG was completed

in 1996 that focused on "program evaluation"--but not on data validity and reliability.

Mission officials stated that data quality assessments were not done for a number of reasons. In some cases, neither Mission personnel nor the monitoring and evaluation contractors were aware of data quality assessment requirements--and, therefore, simply did not do them. In other cases, as in Strategic Objective No. 3, various "program assessments" were made from 1996 through 1999. These, however, were not specifically designed to address data quality and generally referred to data quality in a peripheral manner; therefore, they did not always qualify as data quality assessments.

Another cause, per Mission staff members, was the lack of a record-keeping system to document assessments. Some mission personnel stated that they had done data assessment-type activities during the period in question, but they did not have a file or available documentation to demonstrate what had been done, what the results were, and what conclusions were made. This absence of internal control procedures for maintaining documentation contributed to our inability to verify that assessments had in fact been done. We cannot be sure that the reputed assessment activities were sufficient; however, even if sufficient, the lack of documentation remains a problem. Even if a data quality assessment were done but is not documented, the information that would be contained therein is not available to Mission staff and cannot provide a guide to the current assessment. It is similarly unavailable as a guide to how data management could be improved.

A results-oriented management approach relies on field managers to use performance information to make their decisions. Specifically, quality performance indicators and data will help (1) ensure that USAID program and budget decisions are as well informed as practically possible, (2) support efficient use of USAID resources, (3) meet requirements of federal legislation, and (4) address the information needs of USAID's internal and external users, which includes senior management, OMB, and Congress. However, sound decisions require valid, current, and reliable information, and the benefits of this results-oriented approach depend substantially on the quality of the performance information available. Without data quality assessments, USAID/Ghana did not have reasonable assurance that data quality met validity, timeliness, and reliability

standards for results-oriented management, the lack of which could negatively affect decision making.

We continue to believe that data quality assessments are a key control for ensuring that quality data are reported and that assessments should be performed and documented. Nevertheless, we do recognize that the ADS guidance is limited and not as specific as it should be. USAID's Office of Policy and Program Coordination also recognizes this shortcoming and is currently at work on clarifying the requirement based on the preliminary findings of this audit.

**Data Reported in the Subject R4  
Did Not Always Meet Reporting Standards**

Although USAID/Ghana generally reported performance data in compliance with applicable USAID guidance, in four of the ten indicators that we examined there were shortcomings: (1) in two cases, reported data did not agree with supporting documentation, (2) in one case baseline data were not comparable to data being reported for the following year, and (3) in three cases, data limitations were not disclosed. As a result, data quality did not always meet the requirements of USAID and federal guidance. The principal cause for this was the lack of an adequate internal control system to ensure that sufficient data quality was maintained and reported. Consequently, USAID/Ghana did not have, in some cases, data with the quality necessary for a results-oriented management approach.

**Recommendation No. 5: We recommend that USAID/Ghana revise its procedures to ensure that data reported in the Mission's Results Review and Resource Request reports are supported by adequate documentation, have comparable baselines, and disclose any data limitations in accordance with USAID and federal guidance.**

In reviewing data reported in the FY 2001 R4, we performed three basic tests: (1) we traced data to supporting documentation (and did recalculations when necessary); (2) we verified that performance data were comparable to baseline data; and (3) we checked to see that known data limitations, if any, were disclosed in the R4 report. The criteria for these three areas are discussed in the next three paragraphs.

We used GAO's "Standards for Internal Controls in the Federal Government" as criteria for required data documentation. The

standards cover both program and financial management areas, and require that internal control systems and all transactions and other significant events be clearly documented and that documentation be readily available for examination.

In addition to having supporting documentation, data must also be comparable. ADS 203 states that performance baselines will reflect, as nearly as possible, the value of each performance indicator at the commencement of USAID-supported activities. Subsequently, comparable data for the indicator are to be collected so that changes in the value of the indicator reflect USAID interventions, and not just changes in the indicator or the collection methodology.

As for disclosure of known data limitations, USAID issued guidance in December 1998 for preparing the FY 2001 R4, which encouraged full use of the comment section of each data table in the R4. Possible information for this section included whether there were any "significant data limitations" (or problems with the data) and what their implications would be for measuring performance results. Subsequent USAID requirements issued in 1999 for FY 2002 R4 reports made disclosure of data limitations mandatory.

Overall, USAID/Ghana generally did a good job in reporting performance results in its R4 report with regard to the criteria discussed in the previous three paragraphs (See Appendix III, columns 8 through 10 which summarizes our findings). Nevertheless, we noted three areas where improvements could be made in ensuring that data are reported in compliance with applicable USAID and federal guidance. USAID/Ghana should ensure that (1) R4 data agree to source documentation, (2) R4 data being reported are comparable to baseline data for the indicator, and (3) known data limitations, if any, are disclosed. Specifically, we found for three of the ten indicators examined, there were (1) two cases in which data did not agree with source documentation, (2) one case where an indicator did not report data comparable to baseline data, and (3) three cases where there were undisclosed data limitations.

Concerning documentation, for the Strategic Objective No. 1 indicator, "Number of financial institutions providing credit to USAID/Ghana-assisted micro-enterprises. . .," we could not reconcile the amount reported in the R4 to source documents. Although the number of institutions reported was two, the source documents supported only one institution, the

Agricultural Development Bank. Also, the amount of credit and pre-financing leveraged of \$435,000 (1 billion Cedis) reported in the R4 did not reconcile to source documents. We verified that source documents showed that this amount was understated by approximately \$33,496 (77,040,000 Cedis), applying the exchange rate used at the time of R4 preparation. While the amount of dollar discrepancy is only about seven percent, it is surprising that the absolute number of institutions reported was not correct--and that error had not been noted during the normal course of project monitoring.

Regarding comparability of baseline data, under the Strategic Objective No. 2 indicator "Percentage of teachers using pupil focused instructional practices in Partnership Schools," the preliminary data for 1999 was not comparable to the baseline data reported for 1998. First, the partner had changed the data collection instrument between the baseline year of 1998 and 1999. Secondly, the methodology for calculating the percentage of teachers was also about to change. These changes pose a potential problem for future R4 reports. For 1999, the partner stated that it was considering changing the methodology to one based on obtaining a score of "three or four" in four out of seven items. The original methodology was based on a score of "two or more" in at least four of eight items. The changes in the collection instrument and the scoring could lead to a loss in comparability between the baseline year and following years. We are not stating that indicators should not be changed when conditions warrant it. However, if an indicator is redefined or changed in any manner that affects comparability, then the baseline will need to be reestablished to ensure that the data remain comparable from year to year.

With respect to data limitations, we noted two concerns regarding the Strategic Objective No. 3 indicator "Couple years of protection" (CYP). For one of the sources for CYP, the Ministry of Health (MOH), two assessments were done in 1996 on the contraceptive program. One assessment, which looked at selected western region distribution points, found that MOH distribution points were using too many forms, resulting in employee confusion. As a consequence, data produced at the distribution points were inaccurately recorded and subsequently passed up to the regional and central levels.

The other assessment performed in 1996 (by the Ghana Statistical Service), although appearing to be representative of the MOH as a whole, did not directly address data quality

or accuracy. However, the report did provide statistics on the number of MOH distribution points that were reporting statistics. It stated that family planning statistical reports were sent by only 90 percent of the units examined.

These two assessments indicated that there was a data quality problem. Although one of the assessments led to technical assistance being provided to the MOH, the known data limitation with MOH data should have been disclosed.

An additional issue with this indicator concerned the conversion factors used to calculate the CYP from the raw distribution figures. The conversion factors were not consistent with recommended conversion factors published by USAID, nor were they disclosed. For example, while the recommended conversion factor for condoms is 120 per CYP, USAID/Ghana used a factor of 100. Because these factors differ from standard factors and are an integral part of the indicator calculation, they should have been disclosed and an explanation provided. Without disclosure, one would assume that CYP data from Ghana are comparable to CYP data reported from other USAID-assisted countries.

There are various causes for the reporting problems noted above. The principal cause for data not agreeing to source documentation was a weakness in the control system to ensure that supporting documentation was collected and maintained. When trying to verify that documentation existed for the R4 data, in some cases, we had to consult several sources in different locations. While there were no problems in eight out of the ten cases we reviewed, having a standardized record keeping system for each indicator which would consolidate appropriate source documents for each year, would improve the chances of not inadvertently reporting incorrect data. Also, quality assurance procedures requiring that data be carefully cross-checked against these source documents would further ensure that transcription errors are not introduced into the R4 report. Procedures are also necessary to ensure that newly reported data remain comparable to baselines, and that known data limitations are disclosed.

A Mission partner stated that an additional cause for the one Strategic Objective No. 2 indicator problem was inadequate performance on the part of a subcontractor hired to collect data, but whose data could not be relied upon, thereby requiring that an estimate be used for the baseline figure. It is laudable that the suspect data were not included in the

R4 report. Nevertheless, comparability questions do arise, and at the very least, the inherent limitations of the estimated baseline data should have been disclosed.

As previously mentioned, a results-oriented management approach relies on field managers to make their decisions based upon performance information. Specifically, quality performance indicators and data will help (1) ensure that USAID program and budget decisions are based upon the best information that is practically possible, (2) support efficient use of USAID resources, (3) meet requirements of federal legislation, and (4) address the information needs of USAID's internal and external users, which includes senior management, OMB, and Congress. The benefits of this results-oriented approach depend substantially on the quality of the performance information available.

As discussed above, USAID/Ghana did not have, in some cases, data with the quality that met standards for results-oriented management. While we do not believe the problems we have noted were sufficient to negatively impact decision making, we nevertheless believe that certain modest changes in Mission record keeping are in order to ensure that documentation exists and is maintained to support data reported for each performance indicator. This would help ensure that errors are not inadvertently introduced into R4 reporting. With regard to comparability of newly reported data with baselines, it may be enough to ensure that completed performance monitoring plans are prepared which would provide detailed indicator definitions and careful descriptions of data collection methodology so as to ensure comparability of data from one year to the next. As for limitations on data, establishing a file of supporting documentation for each indicator--along with any information indicating that data problems or limitations exist--would be a good way of ensuring that when data are reported, any known limitations will not be overlooked.

#### **Management Comments and Our Evaluation**

Although USAID/Ghana generally concurred with the recommendations and many of the findings, it did not concur with several of the reported exceptions and subsequent conclusions. USAID/Ghana's comments are included in their entirety in Appendix II.

USAID/Ghana questioned why we did not comment on the additional component of the performance monitoring system that

concerns analyzing and using monitoring data for improved program performance, and suggested that we include a section in the report regarding this. Although we did verify that performance data were used in some way by mission personnel, we did not specifically examine how the data were analyzed and used for improving program performance, since this was outside the scope of our audit. Therefore, we are not prepared to comment on this aspect of the monitoring system.

Concerning the finding that performance monitoring plans were not always complete, USAID/Ghana did not concur with two of the exceptions noted. Concerning the first exception, the Mission stated that it did not concur with the report's conclusion that, under the Community School Improvement Plan indicator, the data were not strictly comparable from one year to the next. The Mission stated that managing for results requires adjustments and that, building upon lessons learned, it was agreed that modifying the indicator definition would increase rather than decrease data rigor. The Mission concluded that it reserves the option of modifying its performance monitoring plan when and how it deems most appropriate. We do not disagree that an indicator should be modified when conditions warrant it. However, the indicator in question was originally not very precisely defined, and with the subsequent changes, the baseline was no longer comparable. If USAID/Ghana determines that it is necessary to change an indicator in a manner that affects data comparability, the baseline will also need to be reestablished to preserve data comparability.

For the second exception under this finding, USAID/Ghana did not concur with the report's conclusion that specific commodities were not included in the performance monitoring plan definition of the indicator for "Value of Selected Nontraditional Exports." The Mission stated that the specific commodities in question were listed in a specific spreadsheet, which the Mission stated formed part of the performance monitoring plan. We reviewed the spreadsheet in question as well as numerous other source documents. However, the spreadsheet was not part of the performance monitoring plan that was presented to us; but rather, it was provided as a source document to support the plan. The plan as it was presented to us did not contain the individual commodities that are needed to ensure that a data comparability is maintained from year to year.



USAID/Ghana concurred with Recommendation Nos. 1 and 2 except for the term "correct" used in Recommendation No. 1. The Mission believes that the use of this term implies that there are serious flaws in the performance monitoring plan. We agree with USAID/Ghana and have changed the recommendation terminology accordingly. Therefore a management decision has been reached on recommendation Nos. 1 and 2.

Regarding the finding that data quality assessments were not done for all indicators, USAID/Ghana did not specifically concur with two reported exceptions. The first of these concerned the lack of a data assessment for the indicator "Number of financial institutions providing credit . . . ." The Mission stated that TechnoServe, the organization implementing this activity, has a well-structured and highly developed monitoring and evaluation system which included data quality assessments, in addition to assessment activities by Mission personnel. We specifically spoke to a representative from TechnoServe and were told that no data quality assessment had been done for this indicator. Additionally, no one from the USAID/Ghana provided any evidence that a data assessment had been done. In the absence of any documentation to the contrary, as well as statements from TechnoServe personnel, we are forced to conclude that no assessment was done for this indicator.

The second exception that USAID/Ghana did not concur with involves the indicator "Increased tourist visits . . . ." The Mission stated that two documents demonstrate that substantive effort was invested in assuring data quality for this indicator. The documents do indicate that there was considerable analysis and thought invested in selecting the indicator; but neither document demonstrates that the indicator data were actually assessed. The e-mail mentioned by the Mission describes how the revenue was calculated from the tourist figures received from the parks (which is only one aspect of the data); however, nowhere does it discuss assessing the quality and validity of the actual tourist figures upon which the revenue figures were calculated. We also interviewed both Mission personnel and contractor personnel involved in performance monitoring who told us that the accuracy and the quality of the actual tourist figures were never assessed. We also asked the Mission to furnish us with documentation to support the fact that the figures were assessed, however the Mission did not respond with any documentation. In the absence of any documentation, in conjunction with statements by Mission personnel and

contractors, we continue to maintain that no assessment was done on the data for this indicator.

USAID/Ghana stated that it concurred with both Recommendation Nos. 3 and 4 under this finding, adding that it had already complied with Recommendation No. 3. However, as of the publication date of this report, we have not received any documentation to support the fact that a management decision had been made or final action had been taken. We, therefore, consider Recommendation No. 3 to be open and without a management decision while a management decision has been reached on recommendation No. 4.

With respect to the finding that data reported in the subject R4 did not always meet reporting standards, USAID/Ghana did not concur with two of the reported exceptions. The first of these concerned the statement that the number reported in the R4 for the indicator "Number of financial institutions providing credit . . ." could not be reconciled to source documents. The subject R4 reported two institutions, while we reported that source documents only supported the existence of one institution. USAID/Ghana stated that a second institution, the Sinapi Aba Trust, also provided credit and should have been included in the indicator. USAID/Ghana did mention this financial institution to us, but when asked to provide documentation to support the furnished credit, the Mission did not respond with any documentation. In the absence of proper documentation required by federal guidance, we do not consider this a reportable institution under this indicator.

The second exception under this finding that USAID/Ghana did not concur with concerned significant data limitations that were not disclosed for the "Couple years of protection" (CYP) indicator. The Mission stated that the one field visit report that was referred to was not representative of the country as a whole. Furthermore, with respect to the other assessment, which stated that only 90 percent of the distribution points were reporting statistics, the mission claimed that this percentage is quite good for the area and said that it was confident that the CYP data are comparable. The Mission concluded that CYP serves as a solid indicator of services provided during the year.

We do not disagree that CYP serves in principal as a solid indicator of services provided. However, we do question the Mission's contention that the data are reliable, and therefore

comparable, based on the fact that the Mission did not present us with any documentation to support this conclusion. The Mission provided no other assessment to support this claim except for the two aforementioned assessments, one of which indicated defective data in the western region, and the other of which showed that only 90 percent of the distribution points reported statistics throughout the entire Ministry. Although the Mission claims that the one data assessment from the western region that described defective data was not representative, it should be noted that USAID/Ghana believed this assessment was significant enough to use it as the basis for providing the Ministry of Health with technical assistance. Considering the above reported deficiencies, combined with the lack any assessment to the contrary, the data limitations should have been disclosed in the R4.

USAID/Ghana concurred with Recommendation No. 5 except for the term "establish," which it felt implied that there were no existing procedures for ensuring that R4 data were reported in accordance with guidance. We agree that the Mission did have an existing control system and associated procedures and have changed the recommendation accordingly. Therefore a management decision has been reached on recommendation No. 5.

## SCOPE AND METHODOLOGY

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### Scope

We audited USAID/Ghana's controls over performance monitoring in accordance with generally accepted government auditing standards. The audit also assessed USAID/Ghana's internal controls governing the quality of data reported in its FY 2001 R4. Specifically, the audit addressed whether: (1) baselines were established, (2) adequate performance monitoring plans were completed, (3) data quality assessments were done, and (4) data reported in the subject R4 complied with USAID and federal guidance.

The audit examined ten out of eleven indicators in USAID/Ghana's Strategic Objective Nos. 1, 2 and 3. We did not examine Strategic Objective No. 4 due to its relative insignificant amount of available funding compared to the Mission's entire portfolio. The three strategic objectives that we examined had reported unliquidated obligations of \$48 million out of a total portfolio of \$50.4 million unliquidated obligations as of September 30 1998. We did not verify the reliability of the Mission's computer generated data; nor did we project the results of our test to items that we did not test.

The fieldwork was conducted at USAID/Ghana in Accra, Ghana, during the period January 31, 2000, to February 25, 2000.

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### Methodology

We began the fieldwork with a study and evaluation of the Mission's internal control system as it related to performance monitoring for Strategic Objective Nos. 1, 2, and 3. This included an analysis of Mission guidance, the procedures followed for developing the performance indicators, and procedures for data collection and reporting. We then analyzed the Mission's internal control system and compared our results to the requirements found in USAID and relevant federal guidance. The basic controls that we tested were whether the Mission:

- Established indicator baseline data either in the strategic plan or a subsequent Results Review and Resource Request;
- Prepared performance monitoring plans that contained a detailed definition of the indicator that set forth precisely all technical elements of the indicator statement;
- Prepared performance monitoring plans that identified all data sources;
- Prepared performance monitoring plans that described the data collection method in sufficient detail to enable consistent use in subsequent years;
- Prepared performance monitoring plans that specified frequency and schedule of data collection;
- Prepared performance monitoring plans that assigned responsibility for collecting data;
- Completed an assessment of data quality for the indicators either at the establishment of the indicator or at an interval no greater than three years;
- Reported data that was adequately supported by source documents;
- Reported baseline data in the R4 that were comparable to the data reported for the indicator in subsequent years; and
- Disclosed known data limitations (if any) in the comments section of the R4 report.

Because the Mission's performance monitoring control system was generally functioning as intended, we assessed control risk as medium.

From the Mission's strategic plan, we developed a sample of ten indicators in three strategic objectives from the universe. These three strategic objectives represented the principal activities in the Mission's portfolio. We did not include Strategic Objective No. 4 due to its relatively insignificant level of funding compared to the other three

objectives. Within the three objectives, we selected for our detailed audit review ten indicators out of a total of eleven.

UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
MISSION TO GHANA

APPENDIX II

Page 1 of 6



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June 6, 2000

Mr. Henry Barrett  
Regional Inspector General's Office  
United States Agency for International Development  
Dakar, Senegal

**REF: USAID/Ghana Comments on Draft Audit Report of FY2000 R4 Performance Monitoring**

Dear Mr. Barrett:

Enclosed please find USAID/Ghana's comments on the draft audit report of the Mission's FY2000 R4 performance monitoring. I believe that all of our comments are self-explanatory and clear, but please do contact me should you desire any additional clarification or information concerning these comments.

Thank you for your assistance and we look forward to receiving the final audit report.

Sincerely,

A handwritten signature in black ink, appearing to read "F. J. Young", is written over the typed name and title.

Frank J. Young  
Mission Director

***USAID/Ghana Comments on Draft Audit Report of FY 2001 R4 Performance Monitoring***

**Background**

While USAID does apply existing GAO standards, at the time of the preparation of the FY 2001 R4s the Agency had issued no specific guidance to overseas Missions as to the existence or applicability of GAO standards to Mission operations. The USAID/Ghana FY 2001 R4 was submitted to AID/W in March 1999 and is based on indicator data available as of the end of FY 1998. In assessing the Mission's compliance with Agency guidelines on indicator and data quality, the auditors used TIPS No. 12, *Guidelines for Indicator and Data Quality*, dated 1998 as the standard. However, TIPS No. 12 was not widely circulated nor readily available to Missions until it was posted to the CDIE web page on June 29, 1999. Thus USAID/Ghana was not able to apply the guidance of TIPS No. 12 to the FY 2001 R4 because the guidance was not posted on the web until after the R4 was submitted. The Mission used CDIE's TIPS No. 7, *Preparing a Performance Monitoring Plan*, for guidance on indicators and data quality. TIPS No. 7 covers plans for data collection and plans for data analysis, reporting, review and use. While not as comprehensive as TIPS No. 12, TIPS No. 7 was the existing standard at time of the FY 2001 R4 submission.

The components of USAID's performance monitoring system are listed in the third paragraph of the Background section (page 2) of the audit report. Surprisingly, no mention is made of the analysis and use of monitoring data for improving program performance. USAID/Ghana considers the use of monitoring data to improve program performance to be the most important element of the Agency's performance monitoring system. The Mission suggests that this sixth component of the USAID performance monitoring system be included in the report, namely, "analyzing and using monitoring data for improved program performance."

**Performance Monitoring Plans Were Not Always Complete**

The Mission decided to add rigor to the Community-School Improvement Plan at the end of the first year, and consequently the report (page 5) notes that "data were not strictly comparable from one year to the next." The report further states that this equals an incomplete plan and that "the Mission did not have assurance that it was maintaining the controls that are essential." The Mission does not concur with these conclusions. Managing for results requires adjustments. Building upon lessons learned during the previous years, it was agreed that modifying the indicator definition to set specific benchmarks/targets would increase, rather than decrease, data rigor. The Mission strives for the appropriate balance between data comparability and occasional adjustments which improve the overall Mission performance monitoring plan. The Mission reserves the option of modifying its performance monitoring plan when and how it deems most appropriate.



The Mission concurs that more specificity in the calculation of the indicator *Value of Selected Nontraditional Exports* would improve its description and documentation accuracy. However, the assertion on page 4 of the draft report that specific commodities were not included in the PMP definition of this indicator is inaccurate. The PMP specifically mentions six commodity or product groups:

"afrocentric garments/handicrafts, selected fresh and dried vegetables, selected fresh fruits, medicinal plants/essential oils, nut and nut products, and wood/wood products."

These six commodity or product groups are also listed along with 13 specific crops in the spreadsheet entitled "Value of Selected NTEs" which forms part of the PMP and contains the data used to calculate the indicator. The spreadsheet was shown to the audit team. The commodities are in fact adequately defined in the PMP. Within the context that NTEs are discussed in Ghana and most other countries, a broad commodity group definition of NTE categories is used. These are the "commodities" affected by the project and this is well understood by the Mission's development audience.

On the issue of data source identification, the Mission concurs that the description of data sources for the indicator *Value of Selected Nontraditional Exports* does not specifically identify each entity and the type of source documents. This has been noted and included in the PMP.

On page 5 the report states that "Without detailed and complete performance monitoring plans, USAID/Ghana was without a critical tool for planning, managing and documenting data collection." In no case has the Mission been without a performance monitoring plan. Mission performance monitoring plans are quite detailed, notwithstanding the few inadequacies identified by the report. A more accurate and appropriate wording would be "More detailed and complete performance monitoring plans would improve the planning, management, and documentation of data collection and make the PMPs more useful as management tools for USAID/Ghana."

**Recommendation No. 1: We recommend that USAID/Ghana correct its current performance monitoring plans to precisely define indicators, identify all data sources, describe data collection methods, and specify data collection frequency and schedules.**

The Mission acknowledges that its performance monitoring plans need to be updated and has, in fact, already initiated the updating of the PMPs. However, the recommendation, in its current phrasing, seems to suggest that there are serious or fundamental flaws with the definition of indicators, the identification of data sources, the description of data collection methods, and the specificity of data collection frequency and schedules. The Mission suggests that substituting "update" for "correct" would result in a more precise phrasing of the recommendation: "We recommend that USAID/Ghana *update* its current performance monitoring plans to precisely define indicators, identify all data sources, describe data collection methods, and specify data collection frequency and schedules."

With the addition of the Catholic Relief Services the SO2 PMP plan is being reviewed to detect areas of ambiguity and clarify any outstanding issues to ensure that an overall plan is implemented consistently across the QUIPS project. The QUIPS team has established a technical working group to develop a comprehensive Intermediate Result and Strategic Objective matrix which addresses Questions 2-6 of Appendix III of the audit report. The matrix will be presented to USAID within the next two weeks.

**Recommendation No. 2: We recommend that USAID/Ghana establish procedures to ensure that performance monitoring plans are prepared and maintained in accordance with USAID guidance.**

The Mission concurs with this recommendation. A Mission Order will be issued on the preparation and updating of performance monitoring plans. The Mission Order will include procedures for ensuring detailed definitions of performance indicators; specification of the source, collection method, and collection schedule for all required data; and the assignment of responsibilities to the appropriate Mission offices, teams, and individuals.

**Data Quality Assessments Were Not Done for All Indicators**

The report notes that current Agency guidance on how data quality assessments are to be accomplished is inadequate and incomplete. The Mission concurs that Agency guidance in this area is inadequate. The Mission will comply with improved Agency guidance just as soon as the Agency issues updated guidance in this area. Moreover, the Mission recommends that Agency guidance concerning the frequency (every three years) of data quality assessments be re-examined and adjusted as necessary. For example, the frequency of demographic and health surveys, an internationally accepted standard for data quality assessment in the health field, is once every five years.

Regarding the indicator *Number of financial institutions providing credit to USAID/Ghana assisted micro-enterprises...*, the audit report states on page 7 that there have been no data quality assessments. TechnoServe, the organization implementing this activity, has a well-structured and highly developed M&E system which includes data quality assessments. Moreover, Mission personnel undertake periodic field program performance assessments which provide the opportunity to cross-check data submitted by all implementing partners.

On page 7 the report discusses a number of data quality assessments conducted by Strategic Objective 3 and concludes that “they did not always qualify as data quality assessments.” The Mission notes that, without more precise and complete Agency guidance on what constitutes an adequate data quality assessment, it is not possible to determine whether a given data assessment is or is not “adequate”.

Appendix III of the draft report indicates that no data quality assessments were done for the indicator *Increased tourist visits at key Central Region project sites*. A four-page memorandum from the PPD Office and email notes from Ms. Kim LeBlanc assessing the quality of data collection for this indicator, both of which were shown to the audit team, contradict this assertion. These two documents demonstrate that substantive effort was invested in assuring data quality for this indicator.

**Recommendation No. 3: We recommend that USAID/Ghana complete and/or document data quality assessments on those indicators that were reported as not having had a required assessment.**

The Mission concurs and has complied with this recommendation under existing guidance. When USAID/Washington completes additional guidance on data quality assessments, the Mission will comply with the new guidance.

**Recommendation No. 4: We recommend that USAID/Ghana establish procedures to ensure that data quality assessments are completed and documented at required intervals for indicators in its R4 in accordance with USAID and federal guidance.**

The Mission concurs with this recommendation and will issue a Mission Order establishing the necessary procedures.

**Data Reported in the Subject R4 Did Not Always Meet Reporting Standards**

Regarding the SO 1 indicator, *Number of financial institutions providing credit to USAID/Ghana-assisted micro-enterprises*, on page 9 the report claims that the number reported in the R4 could not be reconciled with information in the source documents. The report further states that although the number of institutions reported was two, the source documents supported the assistance of only one institution, namely the Agricultural Development Bank (ADB). However, the two institutions reported included one micro-finance institution, the Sinapi Aba Trust, which provided maize inventory credit under TechnoServe's Title II program. The audit team was informed that the Title II program, which formed part of SO 1, accounted for the second financial institution. ADB provided credit for pineapple production and maize inventory, while the Sinapi Aba Trust provided maize inventory credit. The audit team reviewed only TIRP-related source documents from TechnoServe and did not include Title II related sources as they should have.

On page 10 the report notes that CYP conversion factors and "significant data limitations" for CYP were not included in the R4. The CYP conversion factors have been included in the subsequent R4. However, the Mission does not agree that there were "significant data limitations" for CYP. CYP is a longstanding indicator in Ghana and is based on routine reporting of contraceptives distributed by various Mission partners (MOH, PPAG, GSMF and AVSC). Within the MOH, the system for collecting this information is considered one of the best in Ghana. The one field visit that the auditors contend identified significant data limitations included a few clinics in only one region and is not representative of the country as a whole. Moreover, 90% reporting is quite good in a largely rural, dispersed context with limited infrastructure. CYP's importance as an indicator lies with the trends detected, that is, comparisons over time. The Mission is confident that the data is comparable. Based on CYP, the Mission has been able to detect distribution dynamics, such as temporal declines in uptake following price increases. No attempt is made to convert CYP into CPR and the Mission stands by its position that CYP serves as a solid indicator of services provided during the year.

**Recommendation No. 5: We recommend that USAID/Ghana establish procedures to ensure that data reported in the Mission's R4 reports are supported by adequate documentation, have comparable baselines, and have data limitations, if any, disclosed in accordance with USAID and federal guidance.**

The Mission suggests that the word "establish" be replaced with "improve". The Mission does not concur with the recommendation as now phrased. The current wording suggests that the Mission has no existing procedures whatsoever for ensuring that R4 data are supported by adequate documentation, have comparable baselines, and disclose data limitations.

A Mission Order will be issued to formalize and improve upon existing procedures to ensure optimal data documentation, data baselines, and all necessary disclosures of data limitations.

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**Summary Schedule**  
**USAID/Ghana's Performance Monitoring Controls For**  
**Indicators Appearing in the FY 2001 Results Review and Resource Request Report**

Indicator	1. Baseline Established	In the Performance Monitoring Plan...					7. Data Quality Assessment Done	In the R4...		
		2. Indicator Precisely Defined	3. Data Sources Identified	4. Data Collection Method Described	5. Data Collection Frequency & Schedule	6. Responsibility Assigned		8. Data Agrees to Source	9. Comparable Baseline	10. Data Limitations Disclosed
Value of selected nontraditional exports	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	n/a <sup>*</sup>
Increased visits and income to central region project sites	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	n/a <sup>*</sup>
Number of financial institutions providing credit to USAID/Ghana assisted micro enterprises & the amount of credit & pre-financing leveraged	Yes	Yes	No	No	Yes	Yes	No	No	Yes	n/a <sup>*</sup>
Percentage of teachers using pupil-focused instructional practices in partnership schools	Yes	Yes	Yes	Yes	No	Yes	No	No	No	No
Percentage of communities active in school decision-making in partnership schools	Yes	No	Yes	No	Yes	Yes	No	Yes	Yes	n/a <sup>*</sup>
Number of schools and communities within partnership districts utilizing Community School Improvement Plans	Yes	No	Yes	Yes	No	Yes	No	Yes	Yes	n/a <sup>*</sup>
Contraceptive prevalence rate (CPR)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	n/a <sup>*</sup>
Couple years of protection (CYP)	Yes	No	No	Yes	Yes	Yes	Yes/No <sup>#</sup>	Yes	Yes	No
Condom sales	Yes	Yes	Yes	Yes	Yes	Yes	Yes/No <sup>#</sup>	Yes	Yes	No
Full immunization of children	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	n/a <sup>*</sup>

<sup>\*</sup> No known data limitations

<sup>#</sup> These are multi-source indicators. For CYP, one out of the four sources had a data quality assessment. For Condom sales, one out of three had a data quality assessment.